

Economic Outlook: *Rates at Zero, Pandemic Continues*

March 2020

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March 15th FOMC Actions

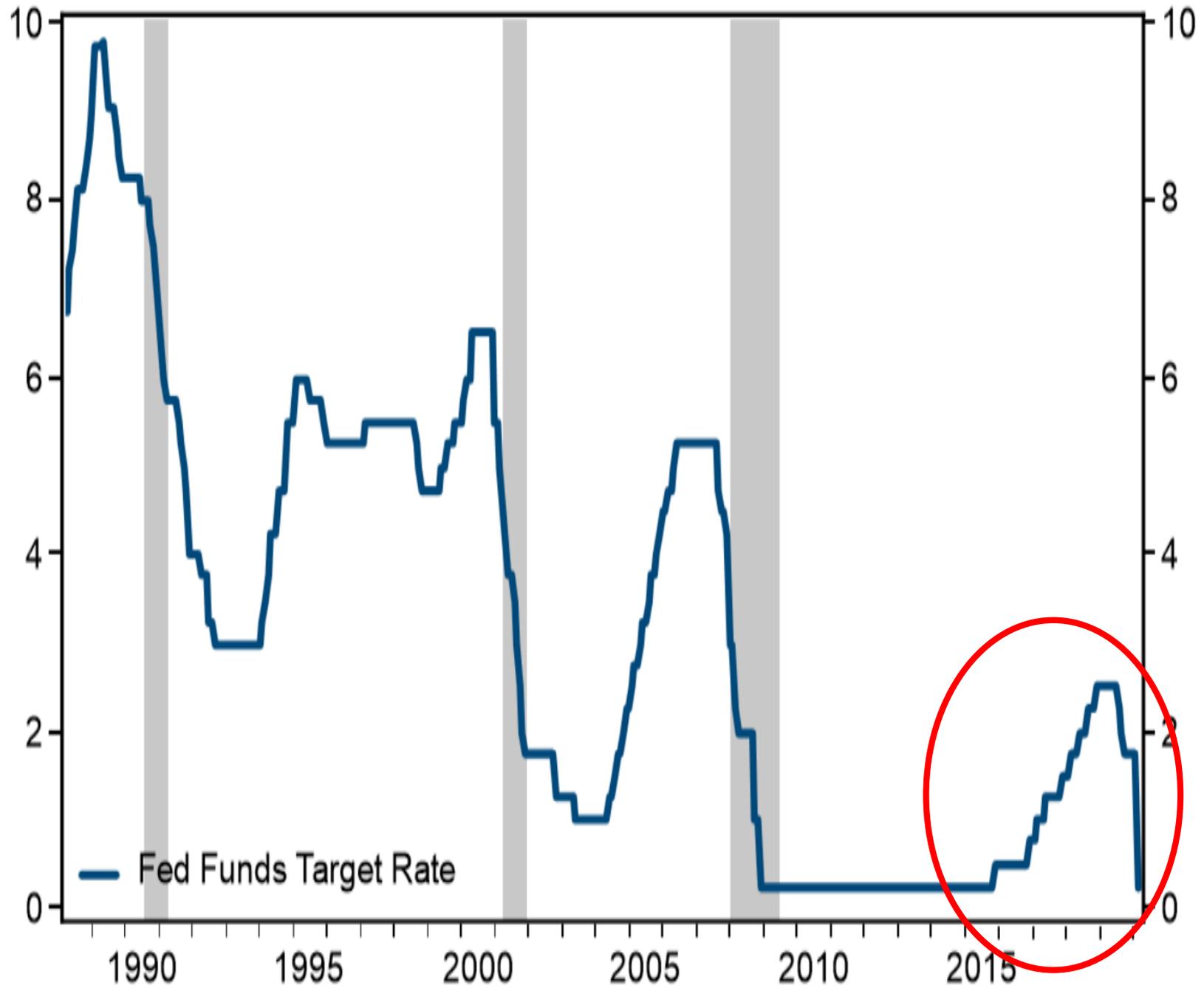
- * Cut rates 100bps to a range of 0.00% to 0.25%
- * Will increase holdings of Treasury securities by at least \$500 billion and holdings of agency mortgage-backed securities by at least \$200 billion in the coming months with MBS roll-off being reinvested in MBS
- * Cut the IOER to 0.1%
- * Removed reserve requirements for banks
- * Will allow banks to borrow from the discount window for as long as 90 days

Source: Federal Reserve

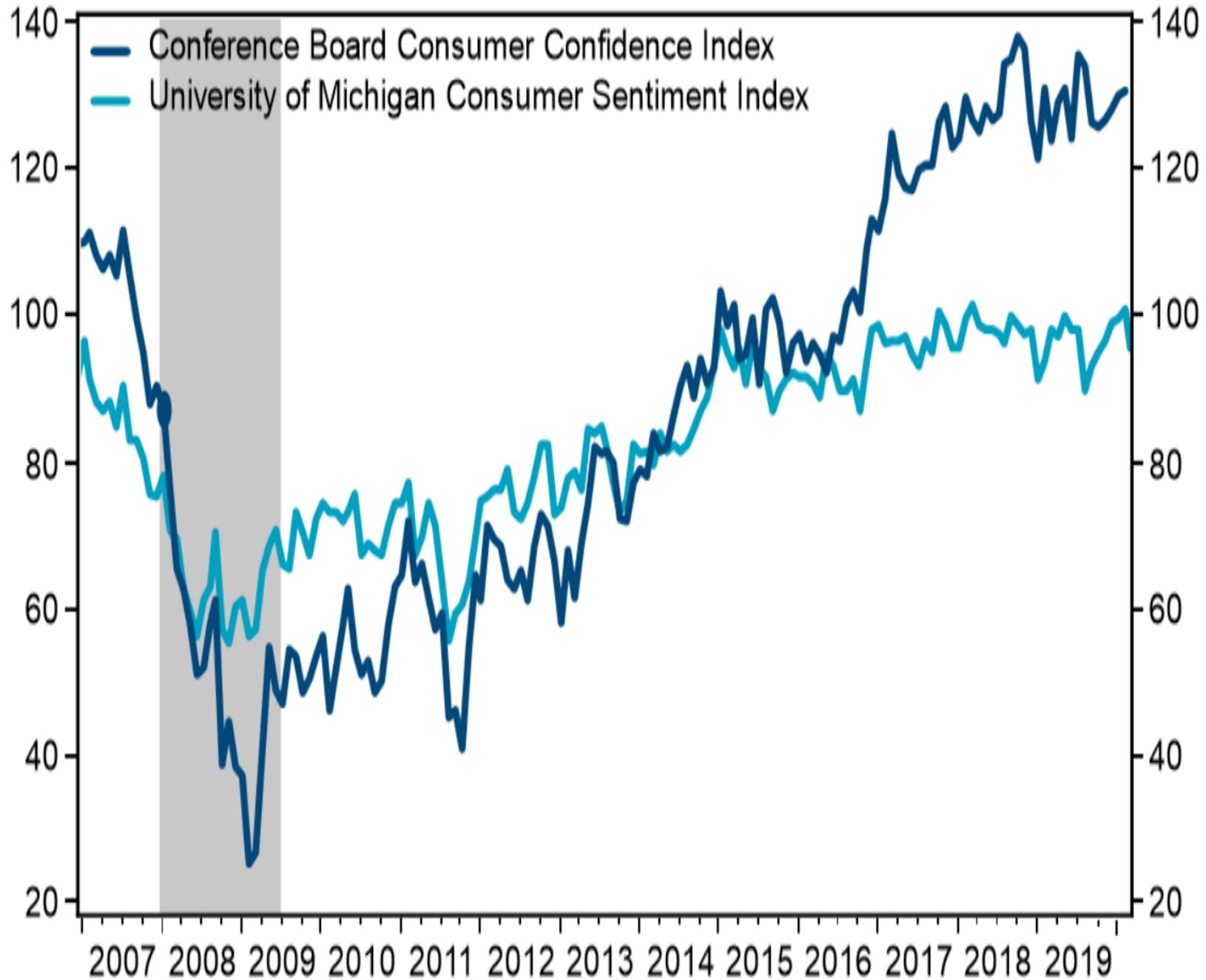
“The coronavirus outbreak has harmed communities and disrupted economic activity in many countries, including the United States. Global financial conditions have also been significantly affected. Available economic data show that the U.S. economy came into this challenging period on a strong footing.”

- March 15th FOMC Statement

Historically Low Rates

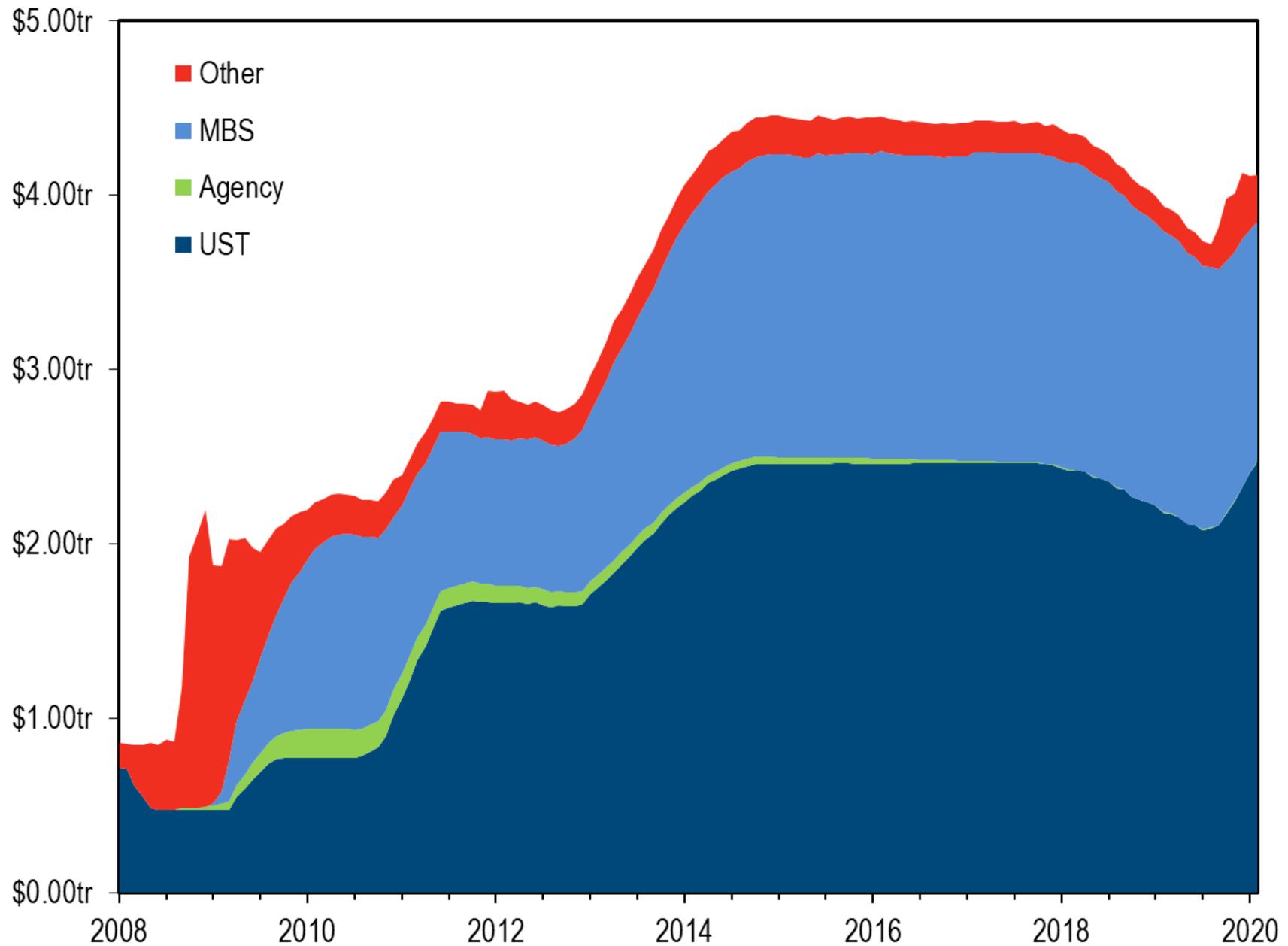


Source: Federal Reserve Board /Haver Analytics



Sources: The Conference Board, University of Michigan /Haver Analytics

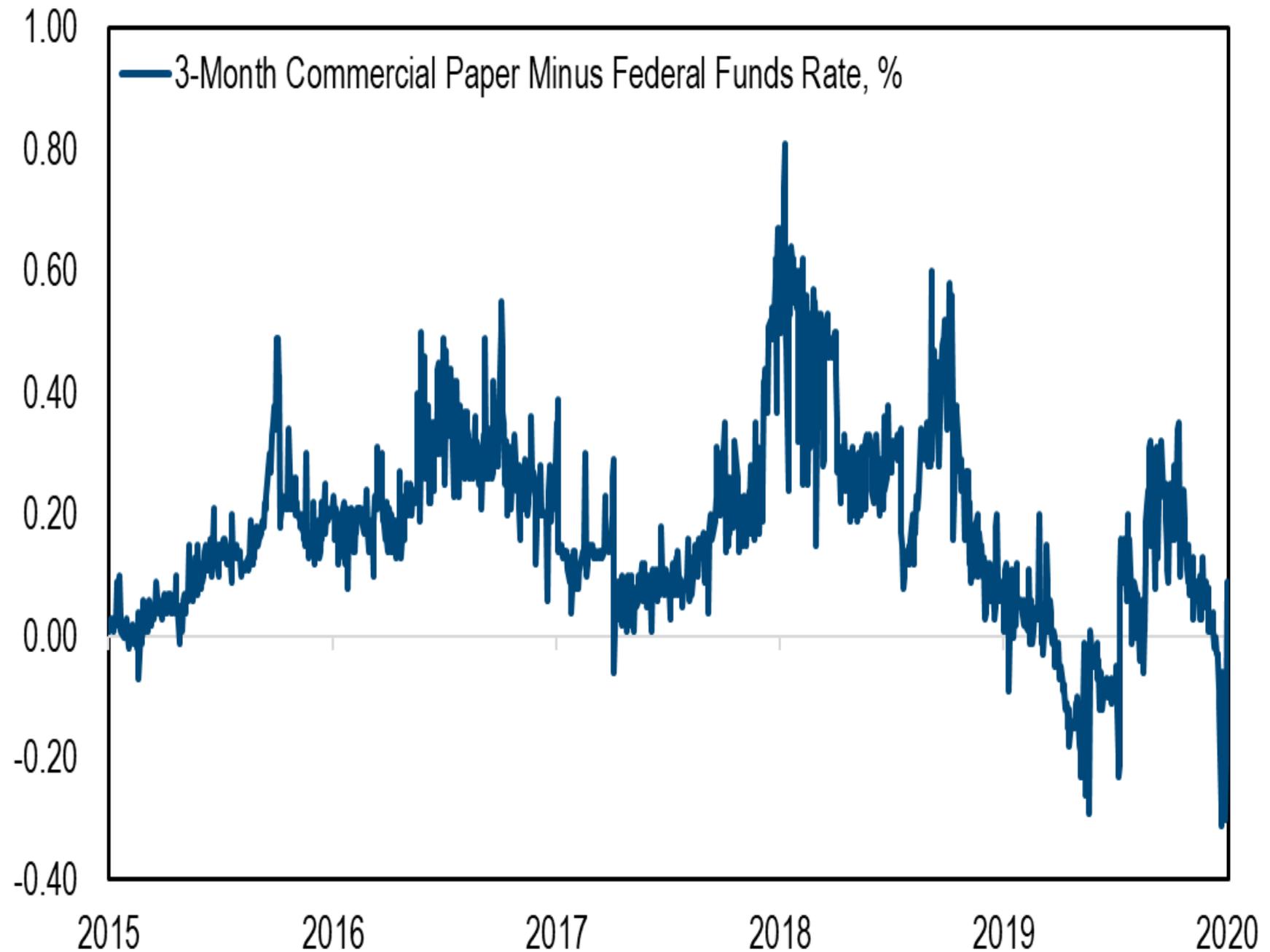
Federal Reserve to Grow Balance Sheet



Source: Federal Reserve, Haver Analytics

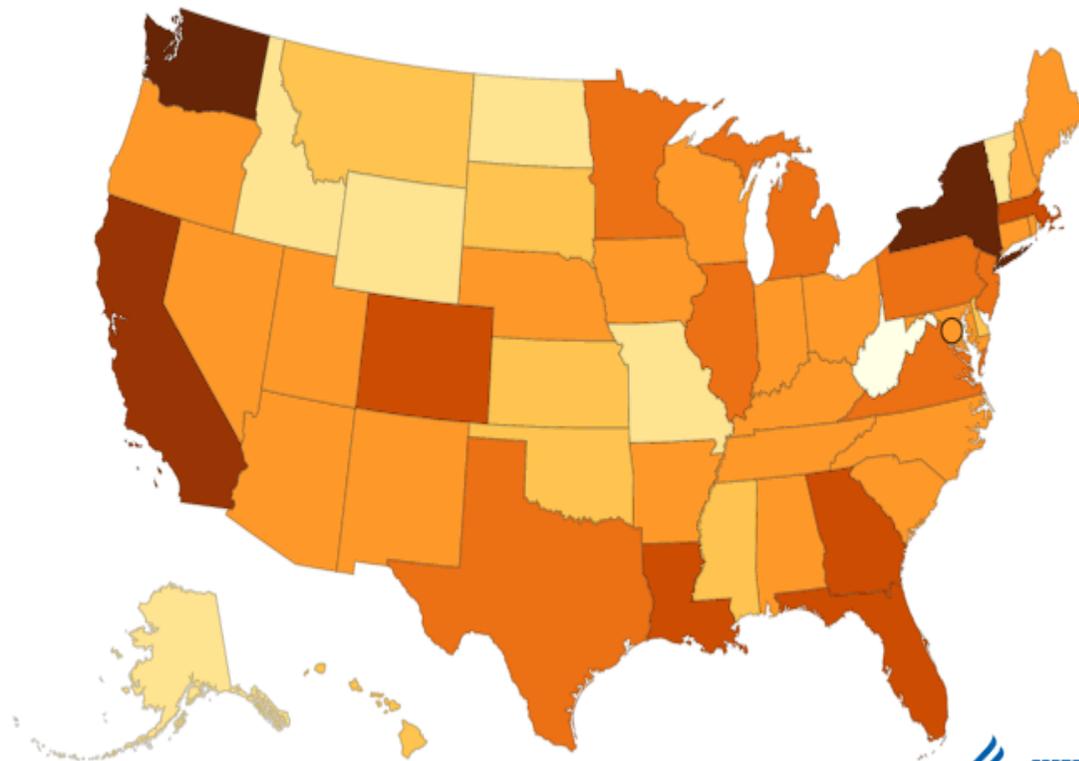
*Other includes discount window lending; lending to other institutions; assets of limited liability companies (LLCs) that have been consolidated onto the Federal Reserve's balance sheet, and foreign currency holdings associated with reciprocal currency arrangements with other central banks (foreign central bank liquidity swaps).

Credit Spreads Highlight Market Stress



Source: FRED

States Reporting Cases of COVID-19 to CDC*



Reported Cases

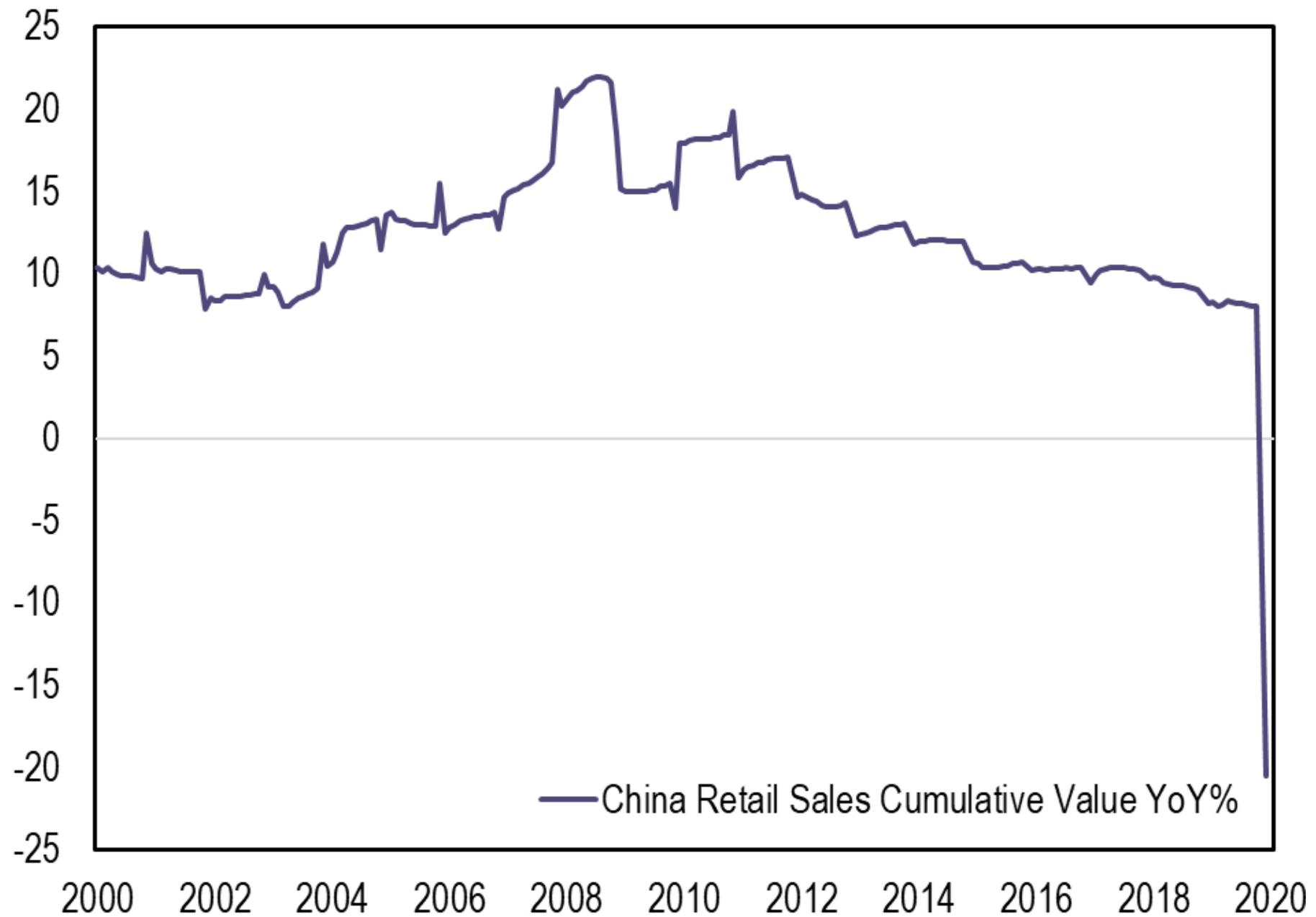
(last updated March 17, 2020)

- None
- 1 to 5
- 6 to 10
- 11 to 50
- 51 to 100
- 101 to 200
- 201 to 500
- 501 to 1000

Territories AS GU MH FM MP PW PR VI

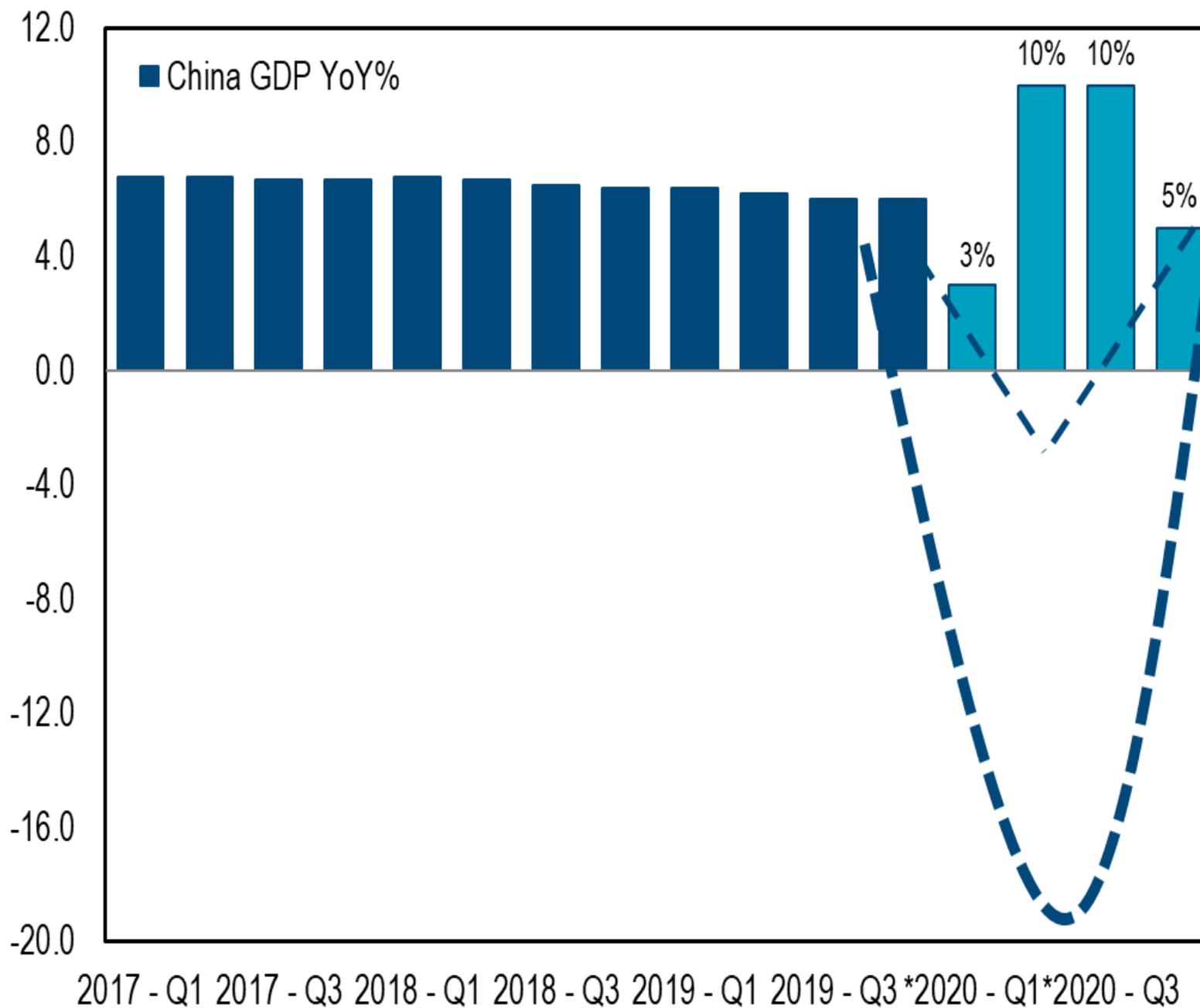


China Retail Sales Highlights Weakness



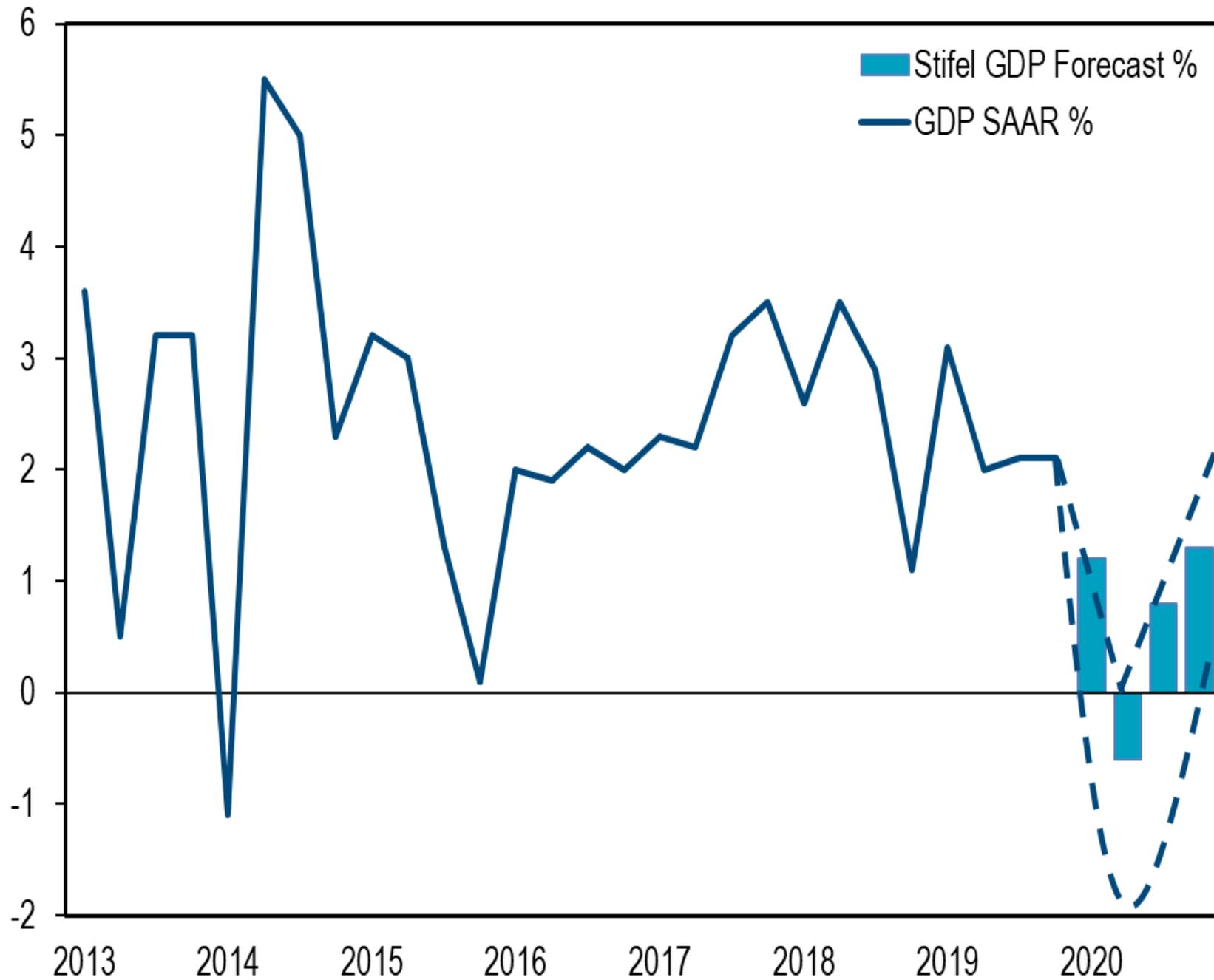
Source: Bloomberg

U-Shaped Recovery More Likely



Source: Bloomberg

*Forecast based on impact of coronavirus



Source: Bloomberg, Stifel

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